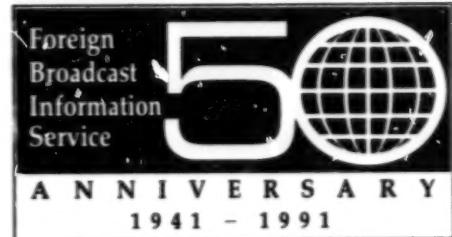


JPRS-UWE-91-002  
28 MAY 1991



# ***JPRS Report***

## **Soviet Union**

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***WORLD ECONOMY &  
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*No 10, October 1990*

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[The following are selected translations from the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations of the USSR Academy of Sciences. Refer to the table of contents for a listing of any articles not translated.]

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### English Summaries of Major Articles

914M00024 Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 10, Oct 90 (signed to press 14 Sep 90) pp 158-159

[Text] A. Kreder in his article "The Crisis of the Communist Movement: The Main Causes and Possible Ways To Overcome It" states that the roots of this crisis are connected with the basic orientation of the movement on the "etatique" model of development and the priority of the "class interests" before the human ones. This model of development, though successful in the periods of mobilization and centralization of resources, turned out to be ineffective in the period of scientific revolution and ever growing interdependence of the modern world leaving the adepts of this model before the crossroad of looking for a new one.

At the same time the social-democratic way, though more corresponding to the needs of the modern world also faces the growing pressure both from the left and from the right for it also corresponds to the "etatique" state model which did not prove its effectiveness in the realities of the modern world. In this situation the communist movement is to decline from the revolutionary doctrine, being for all its history the theoretical foundation of the movement. The author believes that the only possible way to overcome the current crisis lies in the field of renewal of the theoretical model in accordance with the realities of the developing society, modernization of the communist parties whose structures, strict membership and total ideologization ought to be left in the past. After restoration of their influence the communist parties will be able to play their role in the common movement of mankind towards the new civilization.

In his article "Foreign Economic Relations in the Framework of the Regulated Market Economy" I. Ivanov analyses the importance of our integration into world markets for the success of radical economic reforms in field of foreign trade and other forms of economic cooperation with outer world and shows that the main idea of the reform is to transfer decision-making directly to the enterprises, leaving under jurisdiction of the Union some basic regulatory functions. The Union Republics are to gain control over some socially important export-import operations.

The article analyses several new laws concerning custom, currency investment procedures and some important amendments to the existing laws that are intended to be legal basis of the reform. The author describes new custom code as the key element of this package of laws and stresses the necessity of maintaining the same judicial standards over the whole territory of the USSR. He stresses the urgent need to secure the convertibility of rouble as a prerequisite of modernization of Soviet economy, and the necessity of applying economic methods of foreign trade regulation. He admits that the aggravation of political and economic situation in the

country makes it difficult to implement all the necessary changes in the transitional period.

I. Tselishchev in the article "The Economy of Japan: The Results of the Eighties" gives a wide analysis of the Japanese economy for the last decade. One of the main aspects of the current changes in the economic structures was the orientation on the so-called "consumer's economy" that meant the re-orientation of the industrial production towards the interests of the consumer's market. That resulted in the rise of the individual incomes of the population and personal consumption. At the same time the boom in the field of production of consumer goods lead to a certain sharpening of shortages in the market of some goods and services that opens broader prospects for the future investments. In the eighties some considerable steps have been made in the field of administrative-financial reform that resulted in a certain weakening of state regimentation and strengthening of market mechanism. Some problems of this process lie in psychological sphere and are connected with traditional relations in Japanese society. Thus the Japanese worker receives less spare time in comparison with his colleagues in other developed countries though real but slow evolution is taking place and one can see the beginning of process of politicizing of consuming problem. Problems of ecology and transport of the quality of life turns out to be in the list of the most popular. One of the most actual problems facing Japan is finding for itself a new place in the mutually connected and interdependent world.

The perception of Japan as a strong partner-competitor in some branches of economy is changing in recent years towards looking at it as totally aggressive in economic practice. Now one can notice a new type of relations of the Japanese economy with the rest of the world leading to the liberalization of import policy. At the present time Japan creates new programs of foreign aid oriented also on the countries of the Eastern Europe. Japan also widens its participation in the activities of the world economic organizations, that includes rather broader financing of their programs. At the same time some criticism in Japan and abroad is connected with its rather weak political role in the modern world though this role becomes with time more and more active.

Analyzing a competitive behavior of firms in the market economy, A. Yudanov, in his article "Types of the Competitive Strategy. A 'Biological' Approach to Classification of Companies," emphasizes that it is impossible to understand and explain the nature and outcome of competition classifying the companies only by their size (big, medium or small ones). The author shows that so-called "biological" approach allows a functional classification of enterprises based upon the characteristics of their sphere of activity, or niche of the market and their market strategy. At present, there are several classifications of this kind in the foreign literature which could help to understand and describe real processes in the economy. At the same time, the authors warns against a simplified approach to the problems of the market

encountered now in the Soviet literature in connection with current economic reforms, against copying the Western methods of managing the economy without due consideration of an absolutely different institutional and technological structure of production and distribution in the USSR.

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### PRC: Position on Disarmament Issues

914M0002B Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 10, Oct 90 (signed to press 14 Sep90) pp 74-78

[Article by Oleg Leonidovich Ostroukhov, junior scientific associate at Institute of World Economy and International Relations, USSR Academy of Sciences]

[Text] It has been almost a decade since the Third Plenum of the 11th CPC Central Committee (in December 1978), which marked the beginning of a new phase in national affairs in China. Since that time the PRC has displayed rapid economic, social, and political development. In the last few years, there have also been significant changes in the country's foreign policy line, especially in its approach to disarmament and the guarantee of international security, making the convergence of the Chinese position with the position of the Soviet Union possible. Today the peace initiatives of the PRC and USSR are more and more likely to coincide or to supplement each other.

The road China has traveled in the development of its ideas about disarmament during the decade of "reform policy" can be traced best if we start from the approach the Chinese leadership had formulated by the beginning of the current phase in the country's development.

The Chinese position already had several valuable aspects by that time. The Chinese leaders had announced their commitment to the idea of a "world conference on genuine disarmament" with the aim of a total ban on nuclear weapons and their complete elimination. In this connection, the Chinese side proposed that all of the nuclear powers, especially the USSR and the United States, begin by pledging not to use nuclear weapons first. The PRC's proposals also included a demand for the withdrawal of all armed forces stationed abroad and the dismantling of military bases on foreign territory. The PRC had already declared its refusal to use nuclear weapons first back in October 1964, immediately following its first successful test of a nuclear device. Chinese spokesmen also made several statements in support of the proposals of various countries on the creation of nuclear-free zones and zones of peace.

The Chinese policy on nuclear disarmament sounded radical on the level of general principles and declarations but was accompanied by the lack of a constructive

approach to specific undertakings. China rejected certain initiatives by other countries, for example, such as the proposal that permanent members of the UN Security Council reduce their military budgets by 10 percent and use part of the savings to assist developing countries and the proposal that the development and production of new types of weapons of mass destruction be prohibited, and it also criticized the Soviet-American disarmament talks vehemently, including the SALT-I and SALT-II agreements and the Soviet-American agreement signed in June 1973 on the prevention of nuclear war. Furthermore, Chinese spokesmen did not submit a single alternative proposal at that time. Their view of disarmament prospects was extremely skeptical. They also did not accept the idea that there is no reasonable alternative to peaceful coexistence in the nuclear age, asserting that the continuation of the arms race would lead unavoidably to war, regardless of mankind's efforts.

The negative state of Soviet-Chinese relations and their arguments, which transcended the boundaries of purely ideological topics and extended to international relations, including the issue of arms reduction, influenced PRC policy on disarmament considerably. Furthermore, neither side could exclude the possibility that the other would provoke a serious military conflict. This situation could not aid in the formulation of a sober and objective approach to Soviet initiatives in the disarmament sphere.

There have been significant changes in the PRC's approach to arms reduction and elimination since 1978. The PRC has acknowledged the importance of disarmament and displayed a willingness to participate in planning the appropriate measures. The head of the Chinese delegation at the first special session of the UN General Assembly on disarmament (in May-June 1978), PRC Foreign Minister Huang Hua, said that China "is willing to discuss disarmament issues of common interest to all countries of the world so that the present session will make a positive contribution to the struggle of the world's people against hegemony and in defense of peace throughout the world."

The disarmament program the Chinese delegation proposed was much broader than its earlier proposals. One of the new features was the demand that the USSR and United States conduct large-scale conventional arms reductions in addition to the considerable reduction of their nuclear arsenals and pledge "not to deploy large contingents of troops or conduct combat maneuvers near the borders of other countries and not to launch military offensives against other countries...on any pretext whatsoever," as well as pledging "not to allow shipments of weapons to any country whatsoever for the purpose of establishing control over it, inciting a war, or creating the threat of war." After the USSR and United States had instituted all of the measures envisaged in these "preliminary conditions," the other nuclear countries, according to the PRC, should join the USSR and United States in the complete elimination of nuclear weapons.

Therefore, whereas the Chinese idea of disarmament once concerned only nuclear disarmament, at the end of the 1970s it began to include conventional arms reduction and the institution of several measures to create an international atmosphere of trust. Even this program, however, contained certain inconsistencies. Although the PRC declared the importance of disarmament and its willingness to strive to "defend the peace and postpone war," the Chinese disarmament program did not envisage a lower level of arms on the global scale and advised "small and medium-sized states" to build up their weapons. Chinese spokesmen asserted that "the Chinese people...do not believe...that a nuclear war will mean the extinction of the entire human race." Besides this, the Chinese side felt that only the USSR and United States had to reduce their conventional arms and institute the suggested confidence-building measures.

The Chinese theory of disarmament became more highly developed and reasonable in the beginning of the 1980s. According to the proposal on elements of a comprehensive disarmament program the PRC delegation submitted to the Geneva UN Disarmament Committee, other "militarily significant" states should take part in the arms reduction and elimination process along with the nuclear powers. The document envisaged the need to combine nuclear disarmament with a lower level of conventional arms and drew a more precise distinction between these two spheres. The Chinese delegation favored a ban on chemical and biological weapons and the cessation of the research, development, and production of all new weapons of mass destruction.

The Chinese theory of disarmament was presented in an even more specific form at the second special session of the UN General Assembly on disarmament in June-July 1982. It proposed that all of the nuclear countries (and not only the USSR and United States, as it had proposed earlier) begin by concluding a nuclear non-aggression pact, after which the USSR and the United States should stop all nuclear tests and any improvement or production of nuclear weapons and reduce all types of nuclear weapons and delivery vehicles by 50 percent. After this, according to the Chinese plan, all other nuclear countries should also stop nuclear tests and the production of nuclear weapons and begin the process of reducing their nuclear arsenals along with the USSR and the United States, in agreed proportions, to the point of their complete elimination. The updated Chinese theory also called for conventional arms reduction. Furthermore, all countries (and not only the USSR and the United States, as it had stipulated earlier) should begin by pledging not to use conventional armed forces for armed intervention, aggression, or the military occupation of other countries. In addition, the new Chinese program withdrew several of the earlier demands China had addressed to the USSR and the United States as preliminary conditions for China's participation in disarmament talks (for example, the demand that they stop deploying large contingents of troops and conducting combat

maneuvers near borders with other countries, the demand that they disallow arms shipments, and some others).

By 1982, therefore, the Chinese theory of disarmament had become much more reasonable and balanced in general. The new and present phase in the development of the Chinese position on disarmament began at approximately the same time.

The most perceptible new feature was the dramatic increase in the PRC's actual interest in this subject matter. Whereas the topic of disarmament had never been brought up at the 35th, 36th, and 37th sessions of the UN General Assembly (1980-1982) in the speeches of the heads of Chinese delegations during general political discussions or in the speeches of PRC representatives at plenary meetings, in 1983 (at the 38th session) the Chinese side discussed this topic in great length, and since that time it has been a matter of primary concern to Chinese representatives.

In 1986 the Chinese delegation submitted two draft resolutions on nuclear disarmament and the reduction of conventional arms for a vote at the 41st session of the General Assembly for the first time in the history of the PRC's UN activity. The first draft was approved unanimously and the second was approved with two abstentions. In 1987 the PRC delegation at the 42d session submitted two draft resolutions on the same matters for another vote; this time both were approved unanimously. Because the Chinese delegation had rarely submitted its own draft resolutions to the United Nations, the very fact that disarmament resolutions had been drafted and submitted for a vote attests to the great significance the PRC has begun assigning to this issue.

The Chinese delegation's participation in the Geneva Disarmament Conference became much more constructive. As foreign observers have noted, whereas Chinese participation in the early 1980s consisted primarily in making general and somewhat vague statements, usually containing vehement criticism of the USSR, by 1985 and 1986 the Chinese delegates had begun to play an important role in reaching compromises on procedural matters and problems in definition impeding productive debate.

The growth of a public peace movement in the PRC is an indication of the increased interest in disarmament issues. In 1984 and 1985 it established contact with peace movements in the countries of Western Europe and North America, Australia, New Zealand, and other states. In June 1985 the first international peace conference was held in Beijing. The Chinese People's Association for Peace and Disarmament was organized the same month by 24 leading public organizations in the PRC. This association took an active part in International Year of Peace projects and was awarded a UN medal for this. The association is in contact with 170 peace organizations in 40 countries.

China's more active involvement in international efforts to study, discuss, and solve disarmament problems was

one of the results of the changes in the Chinese position on disarmament in the last 5 years, when it became much broader and was supplemented by several theoretical premises and practical initiatives, and when many of the earlier general declarations were invested with specific content.

In the sphere of nuclear disarmament, Chinese spokesmen proposed that all nuclear states conclude an international agreement banning the use of nuclear weapons right away, without waiting for large-scale reductions of Soviet and U.S. nuclear weapons. In 1984 the PRC also proposed the conclusion of a treaty banning an arms race in outer space and calling for the cessation of the research, testing, development, production, deployment, and use of any weapon designed for war in space, as well as the elimination of all existing space-based weapons systems. These proposals were placed on the negotiating table at the Geneva Disarmament Conference in March 1985 and July 1986.

The Chinese leadership has always supported the conclusion of an international treaty on the prohibition and complete elimination of chemical weapons. It has proposed that all states capable of producing chemical weapons take an important step in this direction by guaranteeing their non-use and halting the production, transfer, and deployment of these weapons, as well as research in this field.

China's conclusion that a connection existed between disarmament and development became an important part of its theory of disarmament. It stipulated that all states without exception, developed and developing, large and small, should be involved in the disarmament process because the arms race had encompassed the entire world and was absorbing colossal resources and thereby impeding the economic development of the most diverse countries, regardless of their level of development. "We hope," said Qian Qichen (who was the PRC's assistant foreign minister at that time but who then became the head of the Chinese foreign policy agency in April 1988), "that all countries... will limit their military spending as much as possible and will conduct effective disarmament for the purpose of using human and material resources for national economic development needs."

In addition to pledging no first use of nuclear weapons almost a quarter of a century ago, China has also supported the idea of creating nuclear-free zones and zones of peace for all of these years, including zones in Latin America (the PRC signed the supplementary second protocol to the Tlatelolco Treaty in 1973), the Middle East, Africa, Northern Europe, the Mediterranean, South and Southeast Asia, and Korea. In February 1987 the PRC signed the protocols to the Rarotonga Treaty on a nuclear-free zone in the South Pacific.

Despite China's refusal to sign the nuclear nonproliferation treaty (the Chinese side does not agree that the treaty should prevent the "lateral" proliferation of

nuclear weapons without imposing some restrictions on the buildup of these weapons in the nuclear states), PRC spokesmen have supported the principle of nuclear non-proliferation several times. In 1983 China became a member of the International Atomic Energy Agency (IAEA), pledging to comply with all IAEA rules on the transfer of nuclear materials, technology, and equipment. China has conducted fewer nuclear tests than other nuclear states (around 30). Furthermore, not one nuclear test was conducted in China between December 1984 and June 1987. The PRC has not conducted nuclear tests in the atmosphere since 1980, and in March 1986 the premier of the PRC State Council officially announced China's refusal to conduct such tests in the future.

Therefore, in just a little over 10 years, the Chinese approach to disarmament issues underwent colossal changes. China's theory of disarmament in its present form and China's proposals and practical steps in this sphere seem quite realistic and constructive. In our opinion, the PRC's proposals on the conclusion of international agreements to ban the use of nuclear weapons and destroy them and to eliminate chemical and biological weapons and other weapons of mass destruction, its demand to keep the arms race out of space, and its appeal for a considerably lower level of conventional arms seem particularly important. The idea that military strength now plays a much less important role in maintaining the international status and national security of a state is being voiced more and more frequently in the PRC.

The more constructive Chinese approach to the issue of disarmament is connected largely with the Chinese leadership's reassessment of the connection between disarmament and security. Whereas people in China did not view disarmament seriously as a means of safeguarding security in the 1970s and tended to use this subject matter primarily for propaganda purposes, PRC policy on disarmament and arms control became part of the Chinese policy on national and international security in the beginning of the 1980s and particularly in 1984-1985. Since the middle of the 1980s articles in the Chinese press have called disarmament a guarantee of stronger international peace and security and have said that the arms race leads to the escalation of military confrontation and the exacerbation of global and regional political problems and increases the possibility of a serious armed conflict resulting from accidental circumstances.

The more active Chinese participation in the investigation of the subject matter of disarmament can be seen as part of the general increase in Asian participation in arms limitation efforts. Western political scientists list the following factors among the main ones contributing to this tendency: the completion of the process of governmental organization and the stabilization of the internal political situation in the majority of Asian countries, the establishment of the necessary scientific

research infrastructure, the appearance of new possibilities in connection with the gradual disappearance of the bipolar confrontational system that took shape in the Asian Pacific during the cold war years, and the stronger motives for active initiatives to reduce the danger of war.

These prerequisites for the increased participation of Asian states in solving the problems connected with arms limitation and reduction also apply to the PRC. Besides this, the first major successes of the economic reform were apparent by 1984. They helped to stabilize the situation within the country and strengthen the position of the PRC leadership, and this, in turn, allowed it to devote more attention and effort to foreign policy objectives, including disarmament. The higher level of foreign policy research, including studies of security and disarmament, was promoted by the establishment of the necessary scientific infrastructure in the beginning of the 1980s.

It is probable, however, that the most important circumstance contributing to China's more active policy in the sphere of disarmament was the Chinese leadership's realization that the Soviet-American arms race was ruinous to the PRC's interests. The abrupt escalation of the confrontation between the USSR and the United States in 1984 and 1985 increased the danger of a direct armed conflict between these countries and augmented the threat of nuclear war, which not only had a negative effect on the external conditions of the PRC's economic reform and open-door policy, but could also have had catastrophic effects on the PRC and other countries in general (the development and dissemination of the "nuclear winter" theory contributed a great deal to the realization of this fact). Besides this, the escalation of the Soviet-American arms race would have required a commensurate increase in Chinese defensive potential. The PRC was particularly disturbed by the tendency toward the development of U.S. and Soviet missile defense systems, including space-based systems, because the deployment of these highly effective systems would have minimized the value of China's "minimum deterrence" nuclear forces and the Chinese leadership would have had to augment its nuclear missile potential considerably. It is completely obvious that this would have slowed down the economic reform in China and might even have led to its failure. On the other hand, the reduction of Soviet and U.S. military strength in the process of disarmament would signify a relative increase in the significance of China's military potential.

The new view of Soviet-American military confrontation and the arms race was one of the factors providing the PRC with a genuine incentive to alleviate the military friction between the USSR and the United States and improve relations between them, which was specifically reflected in the appeals to the USSR and United States for the resumption of the disarmament talks that were broken off in 1983, the positive reaction to the resumption of Soviet-American dialogue on the summit level

and, finally, the approval of the treaty the USSR and United States signed on the elimination of intermediate- and shorter-range missiles.

When we discuss the evolution of the Chinese theory of disarmament, we have to comment on the changing role of the postulate that the two "superpowers"—the USSR and the United States—would have to assume most of the responsibility for disarmament. Until the beginning of the 1980s this premise was used as a justification for the PRC's passive position on disarmament. In recent years the PRC's role in the discussion and resolution of disarmament problems has been reassessed substantially. "For the sake of progress in nuclear disarmament," then PRC Foreign Minister Wu Xueqian said at the 39th session of the UN General Assembly, "we are prepared for an exchange of opinions, within the framework of the United Nations or other forums, on such matters as the prevention of nuclear war, the cessation of the nuclear arms race, and nuclear disarmament, on the condition that all other nuclear powers agree to do the same." When the premier of the PRC State Council addressed an International Year of Peace rally on 21 March 1986, he made the emphatic statement that China was aware of its "historic responsibility" to maintain international peace and that it wanted to join all other states in concerted efforts to speed up the disarmament process. The PRC's willingness to play its role in the disarmament process was confirmed by several practical steps discussed above.

In other words, although China still says that the USSR and the United States are "mainly responsible" for disarmament, it is not denying its own responsibility, and right now, instead of "after the USSR and the United States first reduce their nuclear and conventional arms considerably," The Chinese thesis of the "main responsibility" of the USSR and United States for disarmament has another side—the postulate that the two powers are equally responsible for the arms race. It is true that there has been a tendency toward the reassessment of this postulate in the last 2 or 3 years. Several Chinese experts have called the United States the main instigator of the arms race in recent years because of its plans to extend it to outer space and because it is interfering in existing conflicts and creating new ones in various parts of the world and thereby contributing to the escalation of the arms buildup on the regional level. Chinese experts have remarked that the SDI program was supposed to allow the United States "to tip the balance and to achieve superiority to the USSR." The American administration was subjected to serious criticism for its reluctance to take part in the international conference on the connection between disarmament and development in 1987 in New York and its refusal to sign the final document of the third session of the UN General Assembly on disarmament (May-June 1988). Many Chinese researchers have described Soviet foreign policy in the second half of the 1980s as ..restrained," "flexible," "prudent," "balanced," and aimed at the cessation of the arms race. The votes in the UN General

Assembly on resolutions pertaining to disarmament indicate that the Chinese position coincides with the Soviet position much more frequently than with the American one.

Nevertheless, disarmament is a sphere in which the PRC has adhered officially to the line of "equidistance" from the USSR and the United States. This is apparently due to the direct connection between the problem of disarmament and the problem of the global military confrontation between the USSR and the United States and the maintenance of a balance of military strength between them. Under these conditions, any sign of active Chinese support for one of the sides in the Soviet-American dialogue on arms limitation and reduction could be interpreted as some kind of quasi-alliance or an effort to establish a "strategic partnership" (even if only in an extremely limited sphere) with one of the "superpowers." For this reason, the Chinese side has resolutely dissociated itself from the Soviet position and the American position on disarmament and is striving to "camouflage" its agreement with the Soviet position in various ways, particularly the thesis of the "special responsibility" of the USSR and United States in the limitation and elimination of weapons.

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#### About Nicaragua and Not Only Nicaragua

914M0002C Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 10, Oct 90 (signed to press 14 Sep 90) pp 85-90

[Article by Kiva Lvovich Maydanik, candidate of historical sciences and lead scientific associate at Institute of World Economy and International Relations, USSR Academy of Sciences]

[Text] Moscow schoolchildren played a game in the 1940s. During rush hour on Gorkiy Street, one member of the group would whisper a swear-word (one of the ones that are written out in full today). Each successive member would then have to say the same word louder and louder until someone did not have enough nerve or was too embarrassed (it is significant that our generation was still capable of feeling embarrassed). The one who did not dare to raise the volume lost the game.

Something similar is happening today, and there are many who want to yell the special words more loudly. With a sense of particularly profound satisfaction, they are "dragging" topics, values, concepts, and personalities—the ones that seemed most compatible with the truth of perestroika just a year or two ago—into the game, yelling not about Stalin, but about Lenin, not about collectivization, but about the revolution, not about the Bolsheviks who were executed, but about His Majesty the Emperor, who was killed 20 years before them, not about the occupation of Czechoslovakia in

1968, but about Sandinista Nicaragua (or, more recently, about the Sandinistas in Nicaragua).

It is precisely with Nicaragua that I would like to begin this letter, after which I will move on to discuss us in connection with Nicaragua, and then focus only on us.

This letter has its pre-history. It is based on reports addressed to KOMSOMOLSKAYA PRAVDA and not published there (although the longest was written expressly at the request of the editors). I will not pretend that this surprised me. I was much more surprised by the request: After all, in the kind of contest I mentioned at the beginning of this letter, a young voice is more likely to be louder.

It is true that much has changed in the half-year since the time when the first anti-Sandinista articles appeared in KOMSOMOLSKAYA PRAVDA. The opposition in Managua has become the government, and the youth organ has probably failed to keep up with other newspapers in this specific area. The first to take up the challenge to yell louder was IZVESTIYA, where Ye. Bay revealed the wholetruth about the Sandinistas to us. This was trumped by MOSKOVSKIYE NOVOSTI, in the round played by A. Makhov and his partner, the distinguished M. Kryuchkov. It was a case of ignorance verging on fantasy and hysteria; the facts were juggled in virtually every sentence; the political creed was somewhere to the right of Reagan's. Even in our country this will be a hard act to follow, but we must not despair: All things come to those who wait.

It is more important to understand the causes of this "mini-uproar": Most of the assessments of the Nicaraguan revolutionaries' defeat in our newspapers are presented from a vantage point further to the right than the one occupied by virtually the entire "big press" in the West immediately after the election. Is this simply a matter of trying to keep up with the rest of the group ("who will say it louder?"), combined with the habitual lack of interest in the truth and the equally habitual shortage of personal dignity? Or is it a matter of pseudo-liberal conformity (a matter of "trimming one's sails to the wind"), which is not much better than yesterday's brand—or tomorrow's—from the standpoint of morality?

It appears that this is something different, if only because these articles have not evoked any negative response from the vigilant public. Behind this, and behind the events in Nicaragua themselves, lie problems that are much more significant than they might seem.

I will try to explain why.

The defeat of any genuine revolution is a historic tragedy, even if it is not accompanied by mass terror (as in the case of Versailles, the Fascists, or Stalin). After all, "a revolution is carried out in an atmosphere of extreme enthusiasm, when all of the mental capacities, will, passions, and imagination" of millions of people are strained to the limit; after all, the hopes of these millions

reach their highest point at the time of a revolution, and the defeat of the revolution means the loss of these hopes, the extinction of the people's "passions and imagination" and of their sense that they are the masters of their own destiny. It is tragic no matter how long it lasts—days, months, or years—and no matter who deals the fatal blow—restoration forces, Bonapartists, the people's own generals, foreign soldiers, the tanks of yesterday's liberating army, the fatigue and hunger of the people themselves, or their loss of faith in the future. It is probable that everyone would agree that the Nicaraguan revolution was a genuine revolution, a "revolution of great hopes." Even R. Reagan, but not A. Makhov....

This was an uprising by the people, who had lived for almost half a century under an imposed dictatorship by "sons of bitches"—or, more precisely, imperial watchdogs. It was a revolution by the masses, willing to fight to the death for the sake of freedom from the watchdogs and the empire. It was a struggle in which 8-year-olds and 80-year-olds took part, and in which the gang of cut-throats and thieves from the Somoza clan and the National Guard, who were "despised to the point of nausea" by the people—and who despised the people—killed 50,000 Nicaraguans (6 million in terms of our conversion scale). It was a tragedy and a holiday for the victorious people, who believed in the possibility of achieving democracy and a full stomach, social justice and national dignity.

The memory of those days would seem to explain the generally melancholy response in the world in February to the election defeat of the Sandinistas—the movement which had organized, led, and personified the revolution.

But this was not all. The revolution in Nicaragua, especially after 1984, took a new and unbeaten track in response to past lessons, present realities, and future expectations. After overcoming—with some difficulty, errors, excesses, and losses of time—the inertia and structure of traditional, nationalized models of revolutionary reform, it built a society combining economic and political pluralism with popular power; a market-based economy with social justice; inclusion in the world economic system with independence and sovereignty for the nation and the people; representative democracy with "participatory democracy." In a situation (the war, the chaos, and the blockade) objectively providing a "good excuse for the establishment of a totalitarian dictatorship, the Sandinistas consciously tried, for the first time in the 20th century, to combine revolutionary social reforms with democracy," said Teodoro Petkov, Latin America's "chief revisionist" and zealous debunker of Stalinism and Brezhnevism. "A transition from the state-based model of socialism to socialism based on a civil society"—this is how FSLN theorists described this change of direction, which occurred autonomously of perestroika processes but found ideological and political support in perestroika.... In essence, this was the only democratic revolutionary regime in the Third World (and perhaps not only in the third). For this

reason, the election defeat of the Sandinistas not only represents the most graphic proof of the democratic nature of this regime, but also meant the defeat of the "world democratic Left's" plans for "democratic and humane socialism." Is it really any wonder that neither the social democrats nor the Christian leftists shared the Soviet journalists' enthusiasm for iconoclasm?... I will remind you that one of the few countries which supported the Sandinista government unconditionally to the end and always displayed political and economic solidarity with it was Social Democratic Sweden.

Why did most of the people in Nicaragua vote against the FSLN on 25 February 1989? (Although in this case, the Sandinistas, who gathered 40.8 percent of the vote, might be envied by almost all of the parties in power in Eastern Europe.) In the responses to this question, the unanimity and objectivity of the Western press were also in sharp contrast to the "pluralism" and subjectivity of the Soviet reactions. The deciding factors were the state of Nicaragua's economy, the war imposed on it from outside, and the actions of the United States, which had destroyed the Nicaraguan economy directly and indirectly, giving the country (and the people) no hope for the future—particularly in view of the "news from the East": economic and political. It was only after an impartial confirmation of this fact that Western and Southern newspapers and magazines expressed diverging points of view in their assessments and predictions—in accordance with their own political sympathies, national affiliations, etc.

This, however, is probably the most tragic aspect of what happened, at least for the Third World (and not only for its leftist forces). The Sandinistas were not given enough time and opportunity to carry out their restoration and welfare programs in the 1980s or to build the "new model" in the 1990s. The empire demonstrated its ability to impose its own will and authority on the tired, hungry, and disillusioned majority by hook (direct military intervention and a military coup) or by crook (the depletion of the economy and the destruction of the people's hopes with a war fought by mercenaries, a blockade, etc.). This small country, which had dared to try to live its own life, had to accept the truth and reality of the "irresistible force" after losing tens of thousands of human lives in the struggle for independence and dignity.

Where is "freedom of choice" in this world, the real world? This is a difficult question. It might be the most difficult of all the questions raised by the Nicaraguan revolution....

Now I can return to the original question.

Why has our progressive public, after responding so clearly and precisely to the memory of Czechoslovakia and Afghanistan—and to the situation in the Baltic—remained so deaf to what is going on in Nicaragua (and Panama) and to the "damned questions" raised there, questions addressed to the entire world? To what degree

does this deafness and indifference—as well as the gloating—correspond to the primacy of common human values and problems? Or to national tradition (shall we recall how the Russian public responded to the struggle of the Bulgars and Boers)? Or to the basic, profoundly humanistic and democratic, internationalist tradition, the symbols of which were the black rucks of 1918, the volunteers and emptied piggy-banks of the late 1930s (Spain) and, just recently, the solidarity with Chile?

It is clear that this reaction to Nicaragua is a unique indicator of more general shifts in our thinking. The distinctive features of the Nicaraguan revolution and its agreement with the symbols of faith in perestroika provide a particularly accurate indicator of the actual direction of these shifts and tell us some facts about ourselves. In my opinion, these facts are rather unpleasant...

The devaluation of the entire traditional (class, messianic, and vanguard) system of coordinates is changing our earlier opinions and reactions.

This time the factors working against solidarity are our preoccupation with our own problems and our own troubles, our hope of relying on outside assistance—any kind whatsoever—in their resolution, and the increasing unpopularity of the practice—and the idea—of assisting anyone else.

This is not simply a matter of the severity of our own crisis, however, but also of the fact that the phrases about internationalism, antiimperialism, and "fraternal assistance"—along with other, equally resounding terms—served as the identifying characteristics of our official, false ideology and rhetoric for decades. These words are still being pronounced in reverent tones by conservatives, Stalinists, and even national socialists. The actions corresponding to these loudly voiced phrases in the past were ambivalent. There was genuine and even selfless solidarity in the face of genuine aggression or genuine hegemony or fascism (Chile). There was genuine outrage over people and slogans camouflaging impious and counterrevolutionary actions. On the other hand, there was the Afghan tragedy. There was the obligatory double-talk. There was the shameful silence and effective support of bloody regimes, such as the Argentine regime which annihilated many more antifascists than Pinochet's. In any case, however, the words about solidarity, anti-imperialism, and internationalism are associated quite directly with "authoritarianism," "cultural stagnation," and "confrontational thinking," conflict with the "primacy of common human values," and incur suspicions of Stalinism (named after the famous internationalist) upon those who do not renounce these words. Besides this, another factor working simultaneously against internationalism is the "elevation of the national consciousness," which is actually filling the vacuum created by the disappearance of yesterday's official values. The Third World is naturally disappearing from our consciousness along with the idea of international solidarity and our sense of the pain of

others, or it is staying there only as a source of unpleasant thoughts. This, however, will be discussed later.

Solidarity with revolutions seems even more anachronistic and reactionary in general. Yesterday they were possible and desirable everywhere except the "socialist countries"; today they seem impossible and undesirable, and again, everywhere except these countries. Furthermore, revolutions are now being described as "violence," "experiments on people," "the imposition of lifeless schemes on reality," and "the threshold of totalitarianism."

If it did not work in the world of "real socialism," it could not ever work anywhere else; if our "different pattern of development" did not work, then the Western pattern should be used everywhere. With whom, then, should we display moral solidarity? The answer is clear: With the crusaders in the West—the contras and the democratizing Rangers in Panama. (And in the past? With Pinochet? A cautious "yes" can already be heard. With Franco? After all, he was also a modernizer and a fighter against the "road to nowhere." I still have not heard any "yeses" to this.)

I think that something similar—a mirror image—to what already occurred in the first third of the century is occurring now in our consciousness. Once again, during the course of social reforms (anti-bureaucratic this time), we are prepared to throw certain values overboard, values which do not belong to the earlier ruling elite, but are the product of the entire development of civilization. Yesterday these were "democracy," "pluralism," the "market," and the "freedom of the individual." Today they are "solidarity," "social justice," "internationalism," and "freedom of choice."

The common human factor is essentially being reduced here to the denial of one of the ideologies of the present day. In the final analysis, this is not a matter of de-ideologizing (thinking, politics, and economics), but of a new ideology, a new false consciousness propped up by new dogmas, with their newness as their only proven merit. They are new to us; they have been familiar for a long time to the "first" and "third" worlds.

There is a Spanish saying: "Man is the only animal capable of tripping over the same rock twice." It appears that we are fated to demonstrate this advantage over our "lesser brethren" countless times. The fact that yesterday's tragedy is, as usual, displaying many farcical features in the ideological sphere today, is a different matter.

In addition to the "historical" origins of our new consciousness, there is also a "spatial" factor with the most direct relationship to the Caribbean "anti-complex":

Our very sense of our place in the world has changed. Now that we have stopped believing that we are "ahead of the whole planet" or of one of its specific worlds (the "second"), we are striving to enter the "first world" with

the passion (and naivete) of neophytes. We are measuring ourselves against the values and image of the West and assuring ourselves that just the "genuine" wish to copy the West more precisely will with "them" help usher us into their ranks.

Latin America and the Third World are unimportant in this view of the world. In fact, the sense of idea that the more resolutely we turn our backs on them, the more we can hope to earn the goodwill of our new partners, is taking shape in the subtleties of some people's brains and... cerebral hemispheres of others. Common human values are becoming the values and truth of the "white man."

I can foresee the following kind of reaction: "Well, so what?"

Of course much could be said about this from the standpoint of Marx and Lenin or from the standpoint of humanitarian and democratic priorities. In addition to what I said earlier, I must point out that concern for the problems of the majority of humanity and solidarity with them are being proclaimed in the West more and more frequently, almost as the main distinguishing feature and salient characteristic of the "world Left." A comparison of Socialist International Documents with the actual place the Third World occupies today in our political and public thinking provides sufficient indication of radical differences of opinion. By sliding onto this track, we are taking the risk of "sliding out" of the international conglomerate of leftist forces and ending up somewhere far to the right of the social democrats whose merits we have finally learned to appreciate.

In fact, we have already passed this point. The vehement criticism of the social democrats in our mass media today is coming precisely from the Right.

Furthermore, we are not even likely to be embarrassed by a comparison with the Catholic position, with the papal encyclicals and doctets—"If we only had their intentions..."

For this reason, let us examine this "third world" side of the Nicaraguan problem in connection with concerns which are much more tangible than ideology. Let us examine the realities and myths of our "view of the world."

When we regard ourselves as an extremely backward—for ultimately ideological reasons—sector of the "first world," we are inclined to forget (love is blind!) that we have a completely different history and that our present reality is qualitatively different from the one of a half-century ago in the West. Consequently, the pace and pattern of progress in our country will be quite different especially if we copy Western methods.

When we discovered the advantages of capitalism we did not pay much attention at first to the fact that other levels contrast with the "first echelon" of its development: that fascist and semi-fascist dictatorships had followed

these other roads through the decades, that for decades the market here had not been (and, in many cases, is still not) enough in itself to guarantee the increased prosperity of the majority, freedom, and the minimum social homogeneity and social consensus making democratic stability possible, and that the system in Latin America today is also capitalism.

This is natural. After divorcing (in our minds) our "legal wife" (whatever we might call it—the authoritarian system, a statocracy, state socialism, feudal socialism or quasi-socialism—we cannot seriously deny the historical legality of the marriage) after so many decades, we are naturally inclined to view the West as a perfect lover. We do not always realize that "she is a lovely girl, but she is not for me," that this is—for us—a beauty queen in a movie instead of a girl from our own neighborhood. When suspicions of this kind do arise, different reactions are voiced (or, more often, implied). Some people are aware that there is simply no realistic alternative to the market and denationalization, but they are nevertheless seeking new roads of transition and new forms of market economics and democracy. Others essentially proceed from the assumption that it is possible to quickly impose the "ideal" (the new)—on reality, effectively experimenting with history and the people. They are hoping that by the end of the century they can do everything they have blamed on the revolutionaries of 1917, but in reverse. Yesterday it was done for the sake of "glorious ideals," and today it is being done for the sake of "a return to the normal (Western) pattern of development." The members of a third and more realistic group hope to take the "peripheral-authoritarian" route to the West, declaring their love for the Pinochets and proclaiming the need to cultivate them in their own group. The members of a fourth group have pinned their hopes on Western solidarity. Assuming correctly that capitalism's strength stems from its nature as an "economic" society, they are cherishing the hope that it will treat us not in accordance with its own nature, but as socialism (the textbook variety) would, guided by political (this time with a "plus sign"), humanitarian, or globalist motives.

This is the point where we must consider the future and present realities of Latin America and the help it is receiving from its rich Northern relatives ("class brethren"). I am not saying this to demonize the West (after all, it is also the North). It is not sinister political intrigues, but the invariable efficiency and internal workings of a method of production that determine its behavior.

In other words, now that the "second world" is collapsing, many believe that our future must lie in comparatively quick integration into the "first world." This is the reason for the comparisons with it. Other possibilities, however, should also be considered. Might the tendency to copy the West in the choice of development strategies and the belief in the universal curative properties of Western tools and procedures not lead us

directly into the "third world"—to which we can always be assigned in terms of an increasing number of parameters?

Our present equalization with the industrial part of the Third World is the natural result of the mechanism of devaluation and the authoritarian system. Our possible integration into this world tomorrow (with all of the ensuing consequences, including the loss of developmental autonomy) might be the result of a new tendency to mythologize a method—irrespective of the time and place.

It would be wrong to scorn Latin America today—by refusing to consider its experience or to declare solidarity with its struggle—at least from this standpoint. What united us for at least some of us with its revolutionaries yesterday were a common ideology and the presence of a common enemy in the set of "East-West" conflicts. Today and tomorrow, however, the main thing will be the objective factors of common problems and difficulties in development and the common search for a way out of the same type of crisis. I would advise anyone interested in this rather dismal aspect of the problem to read N.G. Zaytsev's article in the April issue of LATINSKAYA AMERIKA this year. The possible "Latin Americanization" of yesterday's "second world" (with the exception of the GDR) is already a distinct motif in the West and East European press. By turning away from the genuine concerns, struggle, and tragedies of the region, by viewing its realities from the Western (or, if we include the social democrats, from the Northern) vantage point, and by seeing the South and our earlier relations with it as a young girl of easy virtue who is now preparing to become a woman of the world, we will ultimately lose.

We are losing friends—already—among the leftist forces in Latin America, Asia, and Africa who welcomed the democratization in our country with so much enthusiasm. We are losing the sympathies of ruling circles in the South, where this evolution in our thinking is arousing increasing anxiety. We are losing the attention of leftists in the West, where our expressions of delight and our invectives are arousing increasing bewilderment. We are losing ourselves—from outside and from within.

We are discarding—I repeat—not only the official clichés, half-truths, and outright lies of state ideology, but also the values that are part of any progressive view of the world today, such as the equality of people, countries, and worlds; the ability to feel the pain of others and fight to alleviate it; social and national justice; and the very sense of belonging to the "single world" of humanity, which is being reduced in our daily theorizing to the world—and the truth—of the white (and Japanese) man.

Many (or most) of those who have ceased to feel "red" have not become "blue" or even "green"; they perceive themselves as white—in both senses and contrasts with

what? the color is associated politically. After destroying and obliterating objectively in the creation of another image. They are doing this with tendentiousness, silence, and outright falsehoods. Is there an ideology behind all of this, or is it their own inferiority complex and an instinctive desire to separate themselves from the Third World? Is it the memory of the years when everything had to be done in the prescribed way, which lay so heavily on the soul, and the present joy of liberation, or is it simply a matter of biology? I do not know, but I think that for our society, this is the road to isolation—ideological, political, and spiritual—and to recklessness (because we must not forget the internal situation in our country). After all, the "first world"—today's West—feels all of this differently, especially the part closer to us—for the time being—in terms of political-ideological parameters. The condescending applause of conservative and rightwing liberal circles in the United States promises us little in the future; the allusions of our "debunkers" are no longer of much value in the political marketplace and are even beating down the price of more substantive accounts.

Furthermore, the difficult choice the Nicaraguans had to make in February 1991—between economic deprivation and dependence—might become the choice we have to make tomorrow. Then we will be asking the international public for solidarity, including the public of the Third World—political and moral solidarity as well as economic.

We earned this solidarity with our history—1917 and 1945, 1961 and 1985–1989. But what about the "white" view of the world in 1991? Especially if it should become (if it has not yet) a determining factor in our state policy? Can someone who beats a retreat tomorrow expect understanding and support the day after tomorrow?

I want to clarify—and I probably should have done this earlier—that I am not speaking of the senseless buildup of our economic or military strength in the Third World. We are not capable of this, and this kind of assistance is not always helpful. Furthermore, I am not saying that we should go back to viewing the world "in Reagan's way"—as a battlefield between the two systems—and regard anyone who insults imperialism as a political and even an ideological ally. I am not saying that we should claim to have a monopoly on the truth about this world and about the road it should take; our new knowledge of ourselves would seem to be guarding us against this. Even in an atmosphere of insight, realism, and a search for consensus, however, we should treat the "majority of humanity" with dignity. We should tell our friends the whole truth about our own situation, our own capabilities, and our own history, without imposing our own judgments on them and without portraying indigence as the norm and extolling it as a virtue. We must not criticize them for taking (or trying to take) our road, or for failing in their search for new models. We must express solidarity with them—if not economic, then political; if not military, then moral—so that they will not feel abandoned because we no longer have any need for them or interest in them. We must never treat them

with condescending scorn or view them with a sense (even if only an inner sense) of our own superiority, believing that we know more about their problems as well as our own. In any case, we must not join Western ruling circles against them or gloat when the conversation turns to problems they perceive as tragedies. In short, we must always try to understand how they feel and think, and not how "we would feel in their place" ...

Without this, there can be no genuine, global new thinking.

We must admit that this attitude toward the Third World is much more widespread in the West—especially among youth and the intelligentsia—than in our country today. If we continue moving in the same direction, we will take the risk of becoming the main stronghold and bulwark of rightwing thinking—and ideology—in the world of the early 21st century....

The shifts in our thinking that the Nicaraguan litmus paper revealed are peripheral, derivative and—we must admit—natural. They are connected with the grim realities of our own existence and our own history and have not been imposed on us from outside.

Today there is no point in focusing attention on the entire set of problems, but there is also no point in turning need into a virtue and playing a flourish when it is time to sound the alarm. The reasons are not only the ones discussed earlier (the isolation from the "world Left," the spiritual impoverishment and recklessness, and the cultivation of illusions). There is another aspect of the problem which has a broader and closer connection to our topic....

One of the cornerstones of the mass "communal" internationalist consciousness, distinguishing the postrevolutionary decades (and even the Khrushchev years), was the solidarity with "distant quarters," with the "Grenadas" of all meridians and parallels. The dwindling of this sense and its complete loss during the years of stagnation and corruption were the heralds of today's flood of nationalistic feelings. The phenomenon itself can be evaluated in different ways (the "extreme" branches of national socialism and national liberalism agree that it is a positive development), but almost everyone senses and acknowledges at least the need to balance the scales.... Does the present response to the social, national, and revolutionary struggle outside the boundaries of what was the socialist world yesterday meet this need—whether it is silence or unconcealed feelings "against solidarity?" What kind of "good feelings" about the people of other nationalities in our own country can give rise to the defamation of the recent symbols of fraternity and friendship among all peoples and races throughout the world? Will the neoliberal, "dogma-free" tendency to ignore the troubles and problems of the Third World not be an echo of the wild hooting of the "Black Hundred" and the furious yells of the "people of non-Jewish nationalities"?

Questions, questions....

And another question is always on my mind: "Is it worth it?" Is there any point in writing all of this and asking people to think about it when the country is on the verge of ruin and total deprivation?

Nevertheless, it is time to think about these questions and answer them. It is especially important for young people, because they know less and remember less, because they are ignoring these problems today, regarding them as part of the "big lie" or simply as something alien and uninteresting, but mainly because they will live a long time and will have to "set things right" one day. They will have to do this together, and it is important and essential that they do not lose the very ability to do this....

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#### And Not Even Only About the Third World

914M0002D Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA in Russian No 10, Oct 90 (signed to press 14 Sep 90) pp 91-94

[Article by Georgiy Ilyich Mirskiy, doctor of historical sciences and chief scientific associate at Institute of World Economy and International Relations, USSR Academy of Sciences]

[Text] The article by my colleague K. Maydanik impressed me with what I would describe as its humanistic fervor. Besides this, it stands out from other writings of its kind with its "non-timeserving tone": The man is not writing something that is "permissible," or something that is "fashionable," corresponding to the spirit of the times and fitting into the mainstream of journalism today. I agree with many parts of the article, especially the discussion of the Third World as a whole, and specifically our attitude toward it.

This attitude has never been completely appropriate or completely humane. In this case, the attitude has two aspects—the official attitude and the attitude of the average person.

We should begin by admitting that as soon as the colonial system collapsed and the national liberation movement was declared one of the currents of the world revolutionary process, our propaganda and our academic literature always tried to embroider the truth about the situation in the Third World, so as not to offend, God forbid, our Afro-Asian "allies in the anti-imperialist struggle." We minimized the real scales of their difficulties and the severity of their problems, especially their internal disorder and disgraceful practices. Everything was blamed on imperialism, everything was said to be a result of its intrigues and subversive activity—along with, of course, the indispensable legacy of colonialism (just as the favorite cliche in our own country was "remnants of capitalism"). We went to absurd extremes: When the head of state in South

Yemen was killed by his own comrades-in- arms (a common event in all revolutions), the report in one of our journals—written, incidentally, by a first-rate expert on Mideast affairs—was entitled “The Latest Neocolonial Intrigues.” When the Iraqi dictator shot half of the members of the state executive body without any trial or investigation, PRAVDA prefaced the report of the execution with the magnificent statement that “the traitors were relieved of their posts.” I can also remember, for example, when a prominent party functionary who was invited to the party meeting of our primary organization responded to my bewildered questions about our flirtation with the bloodthirsty Ugandan clown Idi Amin by saying that this was justified because China was seeking rapprochement with Tanzania and we therefore had to gain a foothold in neighboring Uganda. This is why the Soviet reader knew nothing about Idi Amin’s atrocities, about the crimes of the fascist junta in Argentina, with which our leadership was trying to maintain the best possible relationship, about the mass executions of communists in Iraq, organized by our friends, the “revolutionary democrats,” or about the abuses of power, the corruption, the incompetence, and the extermination of ethnic minorities in several other Asian and African countries.

All of the developing countries’ failures were understated or simply concealed, to the point at which, for example, when Argentina lost the war with Great Britain over the Falkland Islands, our press did not report the surrender of the Argentine troops, but printed the news that “a ceasefire agreement was reached” and let the reader draw his own conclusions.... And how did the press describe the defeats the Arab troops suffered in the wars with Israel? What did it say about the Libyan intervention in Chad? What did the Soviet public know about the backward countries existed and grew stronger (incidentally, it was shared by some officials, who publicly flattered representatives from the Third World and then ridiculed the “underdeveloped” in private). I was always irritated not only by the rude comments of engineers or mechanics who had just returned from an African country (“What the hell is going on there! They steal everything, and no one wants to work!”—as if the people in our country steal less and always work conscientiously), but also by the outright derision of the bureaucrats and journalists who had lived in the Third World for years and were incapable of seeing its inhabitants as anything other than savages.

Obviously, it is not difficult to find the causes of the hostile attitude toward the “backward peoples” that is fairly common among “average Soviet citizens.” They include the reaction to the official position, instinctively perceived as a lie, and the conviction that “we are doing without many things so that we can feed everyone else, and look how we have to live” (this is absolute nonsense, but many people believed it until recently). Regrettably, there was also something else: a kind of inferiority complex, which has been characteristic of our people for a long time, it seems to me, since the time long ago when

it became clear that we were far behind the West in many respects. The result was, first of all, emulation of the West and groveling before it (combined in a strange way with the certainty that we were actually better, higher, and more spiritual than “them”) and, second, the tendency to gloat and point the finger at those who were even further behind, at people who seemed to be not even second-rate, but only third. After all, it is always comforting to see someone else who is worse than you are and lower than you.... In general, I repeat, the reasons can be understood, but this does not make things any better.

Today much has changed, and much more truth is being written about the Third World today than before, but we cannot go from one extreme to another without some backsliding and sidestepping. I agree with K. Maydanik that some of our journalists have accomplished a complete reversal of their earlier views with indecent haste and are striving to throw more stones at the people for whom they had nothing but praise and admiration in the past. This is arousing disagreeable feelings, incidentally, even in Westerners, in the very people for whom this was supposed to be so comforting. Arrogance and a lack of principle have always won the response they deserve. Of course, there are some people in the West who persist in asking the same questions: Why not turn your back on your old friends? What good are they to you now? During recent trips to the United States and other Western countries, I had to answer questions of this kind, explaining that elementary decency, not to mention a sense of responsibility for those we “brought up” to believe in our ideas and urged to take a specific road (even if it was the wrong one), would not allow us to simply turn our backs on “friends and allies.” This is precisely why I understand how K. Maydanik feels when he reads articles with merciless or malicious statements about his favorite Sandinistas. Regrettably, too many of our journalists have never been distinguished by tact or dignity....

This does not mean that I agree with him in all respects, specifically with regard to the same Sandinistas. I am not swayed by the cliches he uses, which lost their value long ago: “popular power,” “social justice,” “participatory democracy”.... All of this, as the French say, is a case of *deja vu*. It is something we saw long ago. We have already experienced all of this and we know what it cost. Yes, the Sandinista theorists spoke of “socialism based on a civic society,” but no one has ever proved that this kind of structure is possible. And the “real socialism,” which is familiar to us—and how!—and not only from our own experience in our own country, regrettably proved to but cannot be eliminated. At one time people spoke of the GDR almost in raptures: “Look at the Germans. What a people: Even socialism works for them!” It is only now that we see how it “worked” there and what kind of economic and ecological legacy it left. I remember a conversation I once had with a taxi driver in East Berlin. I was shocked when I heard about the bureaucratism, mismanagement, corruption, and extortion in the taxi fleet: Everything was just the same as in

our country, I thought. The system is stronger and will break or "boil down" any national characteristic. Soviet journalist Viktor Krivorotov was absolutely right when he wrote that "the stages of development in socialist countries, frequently having nothing in common, are often amazingly similar because they follow the patterns of the monopolistic model. These are the establishment of the state socialist monopoly, the dictatorship by the chiefs, and the attempts at renewal, which, if they do not evolve into protracted periods of chaos (as in China), are quickly brought to an end by an even more protracted period of stagnation. There are the experiments with a new model, the introduction of various forms of cooperative socialism, and the amazingly similar spirit of the times, phrases, and even anecdotes...from the Mediterranean to the Pacific.... The same familiar depressing scene can be seen everywhere: nationalization, industrialization, an emphasis on large economic projects, the expansion of the state sector, the 'neurotic desire to rebuild the world,' and—the inevitable consequences...."

Of course, when the Sandinistas carried out their revolution, many of them (perhaps even most of them) were brave and selfless young people who were inspired by the ideals of freedom and social justice. They were delivering Nicaragua from Somoza's despotism, but then a different line of reasoning began to take hold. There have been several cases in history when young revolutionaries have eventually become elderly bureaucrats, if not worse.... Strength of will, firmness, inflexibility, constancy, and a belief in the justice of one's cause are so close to intolerance, ruthlessness, and a belief in one's own infallibility. By establishing a stable and rigid system, revolutionary totalitarianism constantly promotes the metamorphosis of the first group of qualities into the second, and the declared egalitarianism turns into elitism. I remember how one of my colleagues who was working as a diplomat in South Yemen was delighted at first with the egalitarianism and simplicity of the young revolutionary leaders who were so close to the people ("They swim and sunbathe on the same beaches as the rest of the people"), but a few years later, when I asked him how things were going there, he simply waved his hand: "They have built themselves summer homes...." How familiar it all sounds, how identical!

K. Maydanik goes on to discuss another topic, a topic closer to us and more important to us—the topic of people who have ceased to be "red" and now feel "white." In general, this should be the subject of a special investigation. I can only say that there is no reason to be surprised and distressed. The more disillusioned and dissatisfied people get with the existing state of affairs, the stronger the "current" that takes them to the opposite bank and the further they want to be from the kind of social order that cannot guarantee them humane living conditions. After all, the results of the elections in the GDR, Hungary, and Czechoslovakia after the decline

of the communist parties' authority were not coincidental: The majority did not even vote for social democrats, but preferred to support the more rightwing parties. This does not mean that the CPSU would face certain defeat in multi-party elections: The alignment of forces, political culture, and public mentality in our country and in those countries are different. This simply gives us some idea why many people in our country would rather see another system take the place of the one that was clearly untenable. Which one? Capitalism? For several reasons, I do not think so.

First of all, it is becoming increasingly clear that it is difficult, if not impossible, to explain and understand today's world without first breaking out of the trap of the notorious "capitalism-socialism" dichotomy. Apparently, the capitalism and socialism we grew accustomed to seeing (or, more precisely, were taught to see) no longer exists. Socialism exists and will continue to exist as an idea, as a yearning for justice and a humane social structure, but it is impalpable and indemonstrable as a concrete and positive model of this structure. History has not given us a single positive example yet. In my opinion, the endless arguments over whether or not we built socialism are also senseless. Both sides could be argued with equal success. Everything depends on the interpretation of the term. Anyone could say that Stalinism, Maoism, or Pol Potism is socialism and then quote from the classics to corroborate this statement. But what is the point?

Second (and here I agree with K. Maydanik), no matter how much we try, no matter how "white" our society gets, we cannot "become the West" now. Assuming that capitalism could suddenly fall from the sky in some improbable manner, this would be the worst of all possible capitalisms—a system dominated by con-men and swindlers, the presumptuous nouveau riche, and quasi-businessmen of the semi-criminal type. Our society is too damaged, mutilated, and crippled, and our moral decline is too severe. I do not have much faith in the arguments of our "comrades" who assert that the market will be enough to save us, and everything will simply fall into place. I am afraid that this is not true, that it would be a fatal oversimplification to pin our hopes only on the market and on the ruble (or the dollar). By the same token, it is absolutely obvious that we will not emerge from our present impasse without a market and, what is more, without private ownership, which will give the laboring man incentives and bearings. Che Guevara's idea that "the fundamental goal of Marxism consists in eliminating personal interest as psychological motivation" turned out to be completely utopian.

For this reason, K. Maydanik's sarcastic remarks about our latter-day "Westerners" sound extremely confusing—and misleading—to me. He describes their line of reasoning: "If our 'different pattern of development' did not work, then the Western pattern should be used everywhere. With whom, then, should we display moral solidarity?" The answer is clear: with the crusaders in the West—the contras and the democratizing Rangers in

Panama" and so forth. The use of these terms is misleading because, after all, neither the contras nor the Rangers nor Pinochet could be called typical representatives of the West or the essence of the Western system, in exactly the same way that, for example, Khomeini's guardsmen, the Hizballah, or the Muslim Brotherhood could not be called genuine bearers of the spirit of Islam. The fact remains that only the "Western method" has led to the establishment of a civil society in the true sense of the word anywhere in the world. I agree with D. Furman, who wrote that the Western countries gave the world "a model of what the normal contemporary society should be." "It is just as impossible not to strive for this model as it is impossible for an adolescent not to strive for adulthood. For us, however, with our cultural tradition that is completely different from the West European one, it is difficult to achieve the 'adult' norm."<sup>2</sup> Incidentally, it is this norm that includes such values as solidarity, social justice, and freedom of choice, about which K. Maydanik writes that we are prepared to throw them overboard in our effort to emulate the "Western model," although these values, as he points out so correctly, "do not belong to the earlier ruling elite, but are the product of the entire development of civilization." Why should the attempts to achieve the model civil society necessarily signify the rejection of these values? After all, I repeat, they are part of this model, of what Furman calls the "norm" (it is quite a different matter that they do not always prevail and are not always realized completely, and no one would deny the existence of poverty and injustice in the West). Let K. Maydanik name a single society in today's world with more freedom of choice or social justice than in, for example, Western Europe (unless, of course, the latter concept is equated with the vague and declarative, if not completely utopian, concept of "equality").

The reader will notice that I left "internationalism" out of the values Maydanik lists. This initially noble concept has been distorted and vulgarized so much that I do not even want to use the term. It was under the banner of "internationalism" that our tanks entered Prague and the "internationalist soldiers" fought in Afghanistan.... At one time it meant something else, and too, like Maydanik, took the tragedy of the Spanish Republic to heart when I was a child, and I have found any form of nationalism repulsive all my life (in this sense, I am an "internationalist," or a "cosmopolitan" if you wish). The "spirit of Madrid," however, disappeared. It is gone forever. It regrettable, but people who have suffered major losses do not cry over minor ones.... Our society has lost too much in recent decades, and the loss of the spirit of internationalism might not be the greatest tragedy. What is more, there is no point in idealizing the "mass 'communal' internationalist consciousness" which, as K. Maydanik writes, was characteristic of the postrevolutionary decades. All of this "solidarity with 'distant quarters,' with the 'Grenadas' of all meridians and parallels" can be put in the same category of concepts as "love for the great leader and teacher," "the Soviets' own pride," "the world's first country of the

triumphant proletariat—the motherland of the workers of the world," etc. Yes, many people empathized strongly with Spain, Abyssinia, and the oppressed negroes, Komsomol members and Pioneers prepared to spill their blood for the world revolution or for the liberation of mankind from the capitalist yoke (it is mankind's great fortune that they did not succeed and that the "distant quarters" escaped the incomparably more terrible Stalinist yoke). Yes, there was a genuinely selfless willingness to come to the aid of the oppressed and downtrodden, but this willingness stemmed largely from the basically false sense of our own superiority. It is not so far from "We will liberate you" to "We will educate you and open your eyes," and finally to "We will teach you to love the motherland".... We must also remember that the same millions of young "internationalists" were just as enthusiastic and just as selfless in their willingness to annihilate the gang of Trotskyist and Bukharinist spies and saboteurs. Authentic enthusiasm was leavened with fake yeast.

In conclusion I would like to say that in spite of my disagreement with some of K. Maydanik's statements, I would not want the reader to view his article as part of the now widespread nostalgia among certain segments of the population for earlier times and values or as another attack on those who "insult and denigrate our glorious past." The origins and subtext of this article are completely different, and much of what has made my colleague indignant also leaves a bad taste in my mouth. As a person who has spent his whole career studying and writing about the Third World, I cannot feel any affection for those of my colleagues who have yielded to the power of the fashionable current, "have fallen greedily upon freedom of speech," and feel that the developing countries can be treated with contempt. I also believe, for example, that the concept of socialist orientation, which I myself took part in elaborating, revealed its complete insolvency and suffered a historic defeat, but I certainly would not criticize the people who became the victims of the failed experiment. I would advise you to take a look at yourselves and realize who is chiefly to blame. If possible, you should help those who are suffering from essentially the same problems we are facing by offering them advice.

#### Footnotes

1. ZNAMYA, No 12, 1989, p. 196

2. VFK XX I MIR, No 5, 1990, p. 47

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#### Choice of Possible Solutions Dwindling

914M0002E Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian  
No 10, Oct 90 (signed to prev 14 Sep 90) p. 133

[Article by L. Grigoryev]

[Text] By this summer the range of possible solutions to the country's economic crisis had become extremely narrow. The disorder in monetary circulation, the violation of existing economic ties, and the halted economic reform could be called the peaks of the Bermuda Triangle of our problems. The ravaged consumer market, production instability, regional conflicts, and strikes were supplemented by at least two new factors: the financial crisis and the potential collapse of the system of economic ties in connection with the declaration of sovereignty by union republics. The budget deficit is being augmented by the rising purchase prices of agricultural products in a year of a huge harvest (and huge losses). In this situation the record purchases of grain and the attempt to raise the price of bread look like the death throes of centralized planning.

The rapidly deteriorating situation in the national economy is motivating central agencies to set crisis-related administrative measures of coordination and control in motion, but this is obviously delaying our transition to the market economy, to the delight of the fans of "direct social labor." The tragedy of the supporters of crisis-related economic management is that these measures are no longer accepted by the republics. The compromise approach to inter-republic problems in itself presupposes the decentralization of economic decisionmaking, the establishment of trans-republican banks and companies, etc. Because the government failed to carry out radical economic reform "from above" in earlier years, it is now experiencing the collapse of the present system from below—from the republic level. In the future, only voluntary relationships can make stable economic ties possible.

The financial crisis and the growing budget deficit have given rise to constant government efforts to put an end to all difficulties at once by raising prices. Measures could be instituted on this scale by a government with extremely broad public support, but the main thing is that the price increases would only escalate inflation without solving the entire group of problems. Whatever factors may have contributed to the disorder in the consumer market— inflation or the excessive amount of money in circulation—economic recovery has to begin with the restoration of the ruble's stability. Success in this area would lessen the republics' interest in having their own currencies and would speed up the creation of a unionwide market much more reliably than any official orders or financial restrictions. This, however, presupposes the strict limitation of the budget expenditures of the federal government (no increase in expenditures is anticipated yet), the sale of state property (reserve supplies, equipment, buildings, and small enterprises), and other restrictive measures, to avoid the need for the direct manipulation of the amount of money in circulation.

The extent of diminishing public confidence in the series of union government programs within the country was reflected in the unexpected but necessary agreement by M S Gorbachev and B N Yeltsin on the creation of a

working group to draw up a coordinated program for the transition to the market, capable of serving as the economic basis for the conclusion of a new union treaty.

The radical transition to a normal market economy and inter-republic agreements have ceased to be merely desirable developments. The widespread socioeconomic instability in the country is an indication of the crisis in the system itself—especially its economic component. We will have to surmount the entire ladder of errors and delays before we can decide on radical moves, and the realization of the need for broad-scale reform will enter the public mind in the form of an acknowledgement of the complete impossibility of the old system's continued functioning.

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#### Western Europe in North-South Relations

91AM0002F Moscow MIROVAYA EKONOMIKA / MEZHДNARODNYYE OTNOSHENIYA in Russian No 10, Oct 90 (signed to press 14 Sep 90) pp 134-139

[Article by Galina Faridovna Bashirova, candidate of economic sciences and scientific associate at Institute of World Economy and International Relations, USSR Academy of Sciences]

[Text] In the postwar period the economic ties between West European countries and the Third World states have been an important part of North-South relations and of world economic relations in general. At the beginning of the 1990s the relations between Western Europe and the developing countries are undergoing another set of serious qualitative changes, which will put the existing model of their partnership in question.

#### New Quality?

Western Europe's economic ties with the Third World took shape under the influence of complex political and socioeconomic processes which can be divided into categories on four different levels. The first is the level of tendencies common to the world economy, the main one is the internationalization of economic affairs. The second level unites regional processes, the main one is the integration within the EC framework. The third level is the level of political and socioeconomic processes in each of the EC countries. The fourth is the level of processes in the Third World, especially the processes of differentiation within this group of countries.

Under the influence of these interrelated processes, the relations between West European and developing countries passed through several stages after World War II. Until the beginning of the 1970s, Western Europe saw the developing countries mainly as a source of cheap raw materials and cheap manpower.

The process of the Third World's inclusion (with a view to differences within it) in international division of labor on a new basis—the basis of industrial cooperation and production specialization—acquired distinct outlines in the beginning of the 1970s. This process still governs the "structural" significance of Western Europe's economic relations with different groups of developing countries.

A specific model of EC relations with the Third World, combining traditional paternalistic features with neoconservative recipes, had taken shape by the middle of the 1980s. In this form it corresponded fully to the structural interests and political traditions of the West European countries, but now even this model is being questioned. Why?

The fact is that serious qualitative changes took place on all four levels mentioned above in the middle and late 1980s. There was, for example, the dramatic intensification of integration processes on the North American continent, in the Asian Pacific zone around Japan, and finally, in the EC. The emphasis on the development of economic relations between developed countries has continued, to the detriment of North-South relations.

Which tendency will prevail in the near future—regional integration processes, the tendency toward the internationalization of economic affairs in general, or integration confined to the center in isolation from the periphery—and how will this affect the EC's relations with the Third World? The answer is far from obvious.

Colossal qualitative changes on the regional level have virtually superseded processes on the national level. These changes include the program for the creation of a unified market by 1993 and the events in the East European countries. Today it is obvious that these processes will have a profound impact on EC relations with the Third World. This also includes several unpredictable elements.

As far as the differentiation of the South is concerned serious changes had taken place here as well by the end of the 1980s. On the one hand, the "second wave" of new industrial economies arose. On the other, the poorest countries made up the new category known as the "fourth world." This naturally affected the hierarchy of EC foreign economic interests. Will the center and periphery converge or will the gap between them grow even wider? Is the convergence of separate groups of developed and developing states even possible? If so, then will it occur within the framework of traditional spheres of influence or in some other way? What is the probable role of West European power centers in these processes? This far from complete list of questions testifies that the EC's relations with the Third World must undergo another set of qualitative changes.

#### Why Does Western Europe Need the Third World, and the Third World Need Western Europe?

To answer at least some of these questions, we should take a look at the present state of economic ties between West European and developing countries.

Researchers who analyze Western Europe's economic interests in the Third World generally list the following key aspects: first, the Old World's dependence on the raw materials of the capitalist periphery; second, the role of the developing countries as a sales market and capital investment sphere; third their impact on employment in Western Europe.

This "classic" list of factors seems relevant even today. It is true that Western Europe in general and the EC in particular are distinguished by heavy dependence on imports of fuel, raw materials, and agricultural products from the developing countries, representing three-fourths of their consumption in the EC countries, and even 90-100 percent of the consumption of some items.

In spite of such measures as the purposeful diversification of fuel and raw material supplies, which for this purpose seems quite stable and enduring. According to existing forecasts of the demand for primary energy resources in Western Europe, for example, imports will cover 46 percent of the total by the year 2000.<sup>1</sup>

Another extremely important factor is the use of the Third World as a sales market. Its share of exports outside the EC has remained stable and represents around one-third (around 32 percent in 1987).<sup>2</sup> Besides this, the market in the developing countries is an important link in the extension of the life cycle of West European commodities, offering opportunities to derive profits which can no longer be earned from the sale of the same commodity in the industrially developed countries without additional capital in EC's direct overseas investments, and two-thirds if we exclude mutual capital investments in the Community. According to some estimates, around 48 percent of the direct private investments in developing countries in the last 26 years came from Western Europe.<sup>3</sup>

Now we must say a few words about the impact of relations with the Third World on employment in Western Europe. This influence is ambiguous and frequently provides the grounds for extreme assessments and conclusions. On the one hand, according to CEC estimates, exports of industrial commodities to the Asian, African and Latin American countries secure around 5 million jobs in the Community, representing around 3-4 percent of total employment. On the other, some calculations indicate that the positive impact of exports on employment in the 1980s declined by an average of one-third in the FRG, France, England, and Italy and one-half in the small EC countries. Nevertheless, according to estimates, the negative impact of imports of manufactured goods from the Third World is connected with no more than 20 percent of the total unemployment in the EC countries,<sup>4</sup> and the problem therefore cannot be reduced to the issue of competition by goods from Asia, Africa, and Latin America.

All of these factors attest to the exceptional importance of economic ties with developing countries to Western Europe, but this is not the full extent of the structural role of the South for the West European power center. There is an obvious level of interest on which the Third World is a factor of strength or weakness in Western Europe's competition with the United States and Japan.

The idea of deriving maximum benefit from relations with Asian, African, and Latin American countries for the purpose of withstanding American and Japanese competition is tempting for Western Europe, and for the EC in particular, over the long range on this level. In any case, all of the different theories suggesting that the resources acquired due to special relations with the Third World should be used for capital investment in Western Europe itself in order to step up the restructuring of the economy, are becoming increasingly popular. The success of this plan would give Western Europe a chance not to lag behind in a new phase of technological revolution and, if possible, to get ahead of its rivals—the United States and Japan.

Finally, there are the interests and theories of the developing countries themselves, for which Western Europe is not only a connection with their former mother countries, but also a sales market, a source of capital, assistance, culture, and ideas, a model of development, and an alternative to American capital and American presence. The developing countries tried several times to play this "European card" in the 1970s and 1980s.

We know that around 35 percent of the combined exports of developing countries to industrially developed capitalist states steadily go to the EC, whereas the shares of the United States and Japan vary perceptibly depending on market conditions.<sup>1</sup> At a time when protectionism has become the most acute problem in world trade, this is exceptionally important to the developing countries. Of course, this does not mean that the problem of protectionism does not exist in Western Europe's trade with developing countries. Nevertheless, statistics provide eloquent testimony to the Old World's significance as a buyer of Third World goods.

Western Europe also plays a tremendous role as a source of capital investment. In the middle of the 1980s the Community alone was responsible for around 55 percent of all direct private investments in developing countries from the OECD states.<sup>2</sup> As for state development aid, around 39 percent of these allocations come from the EC, 18 percent come from the United States, and 15 percent come from Japan, and its share has only risen in the last 3-4 years.

These are the factors determining the mutual interest of developing countries and West European countries in economic ties. Their conceptual basis is made up of different theories of interdependence and partnership which associate the prosperity of the North to some extent with the state of the economy in the South. These

ideas were expressed in their most precise form in the well-known reports of the so-called Brandt Commission.

One of the distinctive features of the relations between West European and developing countries is the fairly lengthy experience in combining bilateral relations (primarily with the partners to whom the former mother countries have "historical obligations") with collective ties. The EC's experience is unique in this respect. The mechanisms and instruments of EC cooperation with developing states have passed the test of time and have been changed substantially more than once to meet the requirements of the times. An indicative example is the transition from the framework of association with "overseas countries and autonomous territories," as the Treaty of Rome says, conventions.

In recent years a new level has been added to the two earlier ones—the coordination of economic policy by the seven leading capitalist states. Obviously, the intersupplementary influence of all of these three levels of interest and the effectiveness of policy require flexible mechanisms and approaches to the many problems in this sphere.

#### Hierarchy of Interests

There is also a definite hierarchy of the economic interests of Western Europe, and the Community in particular, in the Third World. At the beginning of the 1980s the hierarchy had the following structure: the OPEC countries, the new industrial nations, countries with a relatively large domestic market or supplies of natural resources, the least developed countries. In recent years (and this is attested to by the highly dynamic nature of these factors), the new industrial nations of the first and second waves have probably taken first place because of the changes in the oil market. In some fields they have been so successful in the world marketplace that it is becoming difficult to include them in the Third World. In any case, the four Asian "dragons"—Singapore, Hong Kong, Taiwan, and South Korea—have already been deprived of the trade privileges of developing countries in the United States.

West European economic ties with this group of Third World states are distinguished by the insufficient—in comparison with the United States and Japan—development of production cooperation and specialization and by a relatively low level of direct investment. Frequently the West European countries try to compensate for this weakness on the bilateral and collective levels with political activity on the one hand and with flexible behavior on the other.

From the standpoint of the development of the institutional basis of relations, the hierarchy of EC economic ties with the Third World looks completely different. The first place is occupied by the African, Caribbean, and Pacific (ACP) countries bound to the Community by the fourth Lome convention. The nucleus of the convention consists of three key provisions: first, the offer of special customs privileges to the ACP countries by the

European Community, second, the functioning of two funds for the stabilization of export revenues—STABEX and SISMIN—which are supposed to insure the country exporting agricultural and mineral resources against abrupt price declines, third, the offer of direct financial aid and technical assistance in carrying out development programs in the ACP countries.

There are many problems in the EC's relations with the ACP countries. The developing countries party to the Lome convention have pointedly criticized the Community for what they regard as insufficient aid and ineffective convention mechanisms. The unprecedented nature of this pattern of relations, however, has to be acknowledged. After all, most of the ACP countries are among the poorest countries in the world and rank lowest in the EC's hierarchy of economic interests.

In terms of the development of their institutional basis, the ACP countries are followed by the Mediterranean countries. In the 1960s the Community had already concluded agreements on partial association with Morocco and Tunisia and preferential agreements with Egypt, Lebanon, and Israel. Then the EEC mapped out a common Mediterranean policy for the purpose of reconciling the frequently conflicting economic interests of the sides. On this basis, the Community concluded several sweeping agreements with Mediterranean countries (with Israel in 1975, with Morocco, Tunisia, and Algeria in 1976, and with Egypt, Jordan, Syria, and Lebanon in 1977).

The next level in the hierarchy is occupied by other regions—Latin America, Southeast Asia, and the Persian Gulf. The first regional organization in the Third World with which the Community formed an institutional relationship was ASEAN. In 1980 they signed a "Comprehensive Agreement on Economic Cooperation," which was renewed in 1985. The EC began negotiating with the South Asian Association for Regional Cooperation (Sri Lanka, Bangladesh, Bhutan, the Republic of Maldives, and Nepal) at the same time. Agreements on economic cooperation were also concluded with the Andes Group (1984) and the countries of the Central American Common Market (1985).

The European-Arab dialogue, which began in 1974 after the "first oil crisis," occupies a special place in the Community's system of economic interests. At that time the Community began talks with the Arab League, which have still not been completed. Since 1984 talks have also been conducted with the Gulf Cooperation Council.

Therefore, in the 1980s the Community resolutely crossed the boundaries of its traditional spheres of influence, signaling the globalization of its economic interests. The collective actions of the EC in the Third World were not simply a supplement to bilateral relations, but acquired autonomous significance.

It is clear that this evolution, in addition to illustrating the regrouping of forces in the developing countries, also reflects the EC's desire to improve the structural and

institutional basis of relations with these countries and elaborate new theories as the basis for its policy. The main question lies in whether the Community will be able to use its special relationship with Third World countries to strengthen its position in competition with the United States and Japan.

#### **Will the Unified EC Market Threaten the Third World?**

The plans for the creation of a unified EC market and the integration processes in other parts of the North are arousing anxiety in the Third World. The most obvious, and frequently emotional, reaction of the developing countries consists in more active efforts to create new integrated groups of their own and to revive old ones. It is true that this process cannot be associated only with 1992. South-South cooperation has its own history. Nevertheless, the prospect of a unified market in Western Europe and the integration processes in North America and in the Asian Pacific zone around Japan are certainly giving developing countries stronger motives for mutual cooperation and are promoting various theories of collective self-reliance. The South views the tendency toward the reduction of the capitalist periphery's share of trade and other forms of foreign economic relations as the North's refusal to include the South in international division of labor.

It is true that the developing countries' share of world exports decreased from 26.5 percent in 1981-1983 to 19.7 percent in 1987, and their share of the imports of industrially developed countries decreased from 26.6 percent to 18.4 percent. Between 1975 and 1979, almost one-third of all direct foreign investments went to the Third World, but the figure was only around 25 percent in 1980-1983. Besides this, the 1980s were marked by the debt crisis in Latin America and Africa. It is clear that Western Europe is also included in this process of estrangement from the periphery.

The EC's privileged partners in the Third World have a strong suspicion that the unified market could turn into a customs fortress, particularly in relation to finished products. Despite the assurances of European officials, there is some basis for this assumption. Even now, when the products of ACP countries compete with Community products, the Community takes harsh and restrictive measures of a tariff and non-tariff nature.

Besides this, the unified market could accelerate the erosion of the privileges extended within the framework of the Lome convention (LC) as a result of the conclusion of new trade and economic agreements and the revision of old ones with regional groups of developing states with a higher level of economic development than the LC countries. Another process, which also threatens to erode these privileges, is the increase in the number of parties to the convention.

On the other hand, the trade talks which began in 1986 within the GATT framework have put protectionism in agricultural trade in question and are jeopardizing the existing system of special relations between the EC and

the ACP countries. The chief supporters of the liberalization of trade are Brazil, Malaysia, and Thailand, which are being kept out of the West European market by this preferential system.

Under pressure from the other parties to the talks, Community spokesmen proposed free access to their market for several tropical products, including a certain agreed assortment of processed items. This means that coffee, cacao, and palm oil will be imported by the Community from Asian or Latin American states on the same terms as from the ACP countries. The latter are already losing influence because of the underdevelopment of their agroindustrial complex. The cancellation of the preferential terms and the liberalization of trade will escalate this process. Furthermore, the establishment of a unified internal market by 1993 will also create problems with still protected commodities, such as bananas, rum, and sugar.

The ACP countries are also disturbed by unfavorable structural changes in the West European countries, changes which will be compounded by the establishment of a single market. The reduction of production costs in the so-called traditional branches has slowed down the transfer of capacities to Third World countries, especially African ones. The concentration of capital in industrially developed countries has resumed. Private capital investments in Africa decreased by almost 25 percent in the last decade. Scientific and technical progress is reducing the demand for raw materials. Even international agreements cannot prevent the destabilization of markets, and this has intensified the crisis in most of the ACP countries dependent on exports of raw materials. The STABEX system is losing its power to neutralize market crises. In 1988, for example, fewer than one-third of the ACP countries' claims were satisfied. Today the STABEX rules are benefiting large exporters, such as the Ivory Coast, Cameroon, and Senegal. Even they, however, are in a difficult position because of the drop in the prices of their main exports—coffee and cacao.

In addition to everything else, the establishment of the unified EC market will presuppose the pursuit of a more uniform and more pragmatic policy in the Third World. In this case many of the privileged partners of the former mother countries have serious reasons to suspect that their old partners might renounce some of their "historical obligations" to their former colonies. For the countries not party to the Lome conventions and not eligible for other privileges gaining access to this unified market will be the main problem.

#### The East European Factor

The events in the East European countries and the reaction to them in Western Europe raised another question for the Third World. Could West European aid be redirected to Eastern Europe?

In fact, in record time the United States, Japan, and the EC decided to offer impressive financial aid to East

European countries, mainly Poland, Hungary, and the GDR. The European Bank for Reconstruction and Development for Eastern Europe (EBRD) was established in May 1990. According to preliminary estimates, the bank's capital will amount to around 10 billion ecu (12 billion dollars), more than half of which will be contributed by EC countries. Around 15 percent of the total sum will be contributed by the East European countries themselves, including 6 percent by the Soviet Union. The EC states also intend to offer assistance and credit on a bilateral basis.

There is no indication, however, that these funds have been taken away from the Third World. After all, the approval of the idea of establishing the EBRD by the Council of Europe in December 1989 coincided with the completion of talks between the EC and 66 ACP countries on the fourth Lome convention.

In spite of all the complaints about this convention, there is no reason to believe that EC policy toward ACP countries has undergone any perceptible changes. Although its new elements (the extension of the STABEX system to semimanufactured goods, the establishment of structural regulation funds, and the longer term of the convention) will not alleviate the ACP countries' worries about the establishment of the unified EC market and the probable results of GATT talks, none of these negative circumstances has any direct relationship to the events in Eastern Europe. These circumstances are the result of deep-seated processes in the world economy.

The funds the ACP countries might receive in accordance with the new convention are covered by the following stipulations. The EC plans to allocate around 12 billion ecu in 1990-1994. This is larger than the amount extended by the terms of the third Lome convention (7.4 billion), but smaller than the one the ACP states requested (13.5 billion). Besides this, the EC countries also participate in the credits of international financial institutions and render considerable assistance on a bilateral basis.

Therefore, on the level of the distribution of official development aid, the ACP states and the Third World countries as a whole have not suffered, but the main thing is attracting European capital investment. Will they signify the EC's abandonment of its traditional policy in the Third World? In what direction will West European relations with developing countries evolve?

#### Future Scenarios

There are three probable scenarios of North-South relations in the future. The first, which could be called neo-Keynesian, will be a continuation of the efforts to establish the "new international economic order." The second neoliberal scenario also envisions the integration of developing countries into the world economy, but under the influence of market forces in line with IMF and EBRD plans. The third option is based on the opposite idea—the idea of the separation of the South

from the North or at least some degree from the IMF, the World Bank, etc.). It contains two main ideas—the organization of markets for the purpose of stabilizing the prices of raw materials and the transfer of sizable amounts of financial resources to the developing countries. Stable and fair prices plus financing will secure markets for Northern countries. The old system of division of labor is not being questioned. Competition will be excluded, and trade will be intersupplementary. There will be no threat to employment in the North. The prototype is the model of EC relations with ACP countries.

Future North-South relations look different from the neoliberal standpoint. This option presupposes the inclusion of the developing countries in the world economy in accordance with comparative production costs and factors and the development of private initiative in an atmosphere of free competition. Then they will be able to make full use of the advantages of international division of labor and lay the foundation for balanced development. The package of IMF and IBRD measures is based on this scenario. In contrast to the neo-Keynesian plan, this one would not eliminate competition between the North and South.

The third, radical plan, envisaging the renunciation of North-South relations and the assignment of priority to the development of South-South and North-North relations, is a less probable prospect.

Which option will the unifies Europe prefer? Obviously, the development of events in line with the neo-Keynesian scenario is possible. In fact, the Lome conventions, embodying the "European approach" to North-South relations, have certain features relating them directly to this model. They envisage institutional mechanisms to regulate the EC's economic ties with ACP countries and the transfer of sizable financial resources to the South.

In this situation, if the unified market produces the anticipated impact, the Community will have additional opportunities to develop the Lome plan. This option is also a possible choice because there are some signs that the "neoconservative wave" in the world is subsiding. The latest European initiatives to solve debt problems have also gone against neoliberal traditions.

Nevertheless, the scenario closest to the neoliberal model still seems to be the most probable one. The establishment of the unified market by 1992 will strengthen the supra-national nature of decisionmaking in the EC. This, in turn, will eliminate the special relationships of West European states with Third World countries on a bilateral basis and will lead in general to a more pragmatic model of global scope.

There is also some indication of a tendency toward the equalization of West European, U.S., and Japanese approaches to Third World problems. One of the main reasons is the mechanism established in recent years for the coordination of the economic policies of the seven

leading capitalist states and the almost continuous consultations within the framework of the IMF, IBRD, GATT, and other international institutions. To date, this equalization has been based on programs of the neoliberal variety.

Besides this, there is a basic factor dictating the elaboration of a common EC economic policy toward the Third World and the convergence of U.S., Japanese, and EC positions on these matters. It consists of the integration processes occurring on the North American continent and around Japan in the Asian Pacific zone, as well as the plans for the creation of a unified European market, which will put the competition among the three power centers on a new level. Under these conditions, the present system of relations with the Third World will probably be replaced by another system, corresponding more to West European interests. There have been increasingly loud appeals in the countries of the region for the separation of aid policy from economic expansion and for the cessation of the ruinous practice in which state institutions encourage operations by West European companies in depressed African markets instead of rapidly growing zones of the Third World.

#### Footnotes

1. BIKI, No 4, 1986, p 5.
2. Calculated according to data in "Handbook of International Trade and Development Statistics," UNCTAD, New York, 1988, p 60.
3. Calculated by V. Pripisnov according to data in "Development Cooperation 1986 Review," OECD, Paris, 1986, pp 268-279.
4. "The EEC and the Third World: Survey 4 (Renegotiating Lome)," London, 1985, p 18.
5. Calculated according to data in "Handbook of International Trade and Development Statistics," p 61.
6. Calculated by V. Pripisnov according to data in "Development Cooperation 1986 Review," pp 268-279.
7. "Development Cooperation in the 1990s. (OECD, 1989 Report)," Paris, 1989, p 204.

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#### Recent Publications

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[Text] "Bolshe doveriya ("Kultura mezhnatsionalnykh otnosheniy")" [More Trust ("Proper Inter-Ethnic Relations")], Alma-Ata, Kazakhstan, 1990, 327 pages.

"V gorakh Afganistana" [In the Mountains of Afghanistan], Leningrad, Lenizdat, 1990, 223 pages.

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"The Future of the Party: Problems, Prospects, Predictions. Materials of Applied Science Conference on 'The CPSU in the Contemporary Soviet Society,'" edited by V.Ya. Pashchenko et al., Moscow, Izdatelstvo MGU, 1990, 248 pages.

The following work is being prepared for publication in the Progress publishing house:

Yuriy A. Yukhananov, "This Divided World...Dialectics, the Systemic Approach, International Relations and Conflicts."

What is the systemic principle (or systemic approach) and how does it relate to dialectics? Is it valid to divide conflicts into "antagonistic" and "non-antagonistic"? What are the characteristics of the "man of reason" and what are the political superstitions of the nationalized

individual?" What place does class "struggle" occupy in world politics and what is the systemic view of international political conflicts? How many have there been since World War II? Can the activity of the United Nations to settle conflicts be transformed into the subject of systemic analysis and into a set of specific informational statistics, can its effectiveness be measured, and can its future potential be revealed? Does the UN Charter require revision and to what extent?... These and other important questions pertaining to philosophy, politics, and international relations are addressed in this book.

Besides this, the detailed description of the methods of analyzing the United Nations' many years of experience in maintaining international peace and security and extensive research information can be used, in the author's opinion, in the development of an interesting software product—a computer game entitled "The United Nations and Conflicts," which could be intellectually stimulating for the user and help to educate him in the spirit of peace.

The monograph is 25 quires in length.

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Review of "Contemporary Capitalism: The Role of Foreign Economic Ties in Scientific and Technical Progress," edited by I.Ye. Artemev (P. Zavyalov) . pp 141-143

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